

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



FILED

01/11/19
04:59 PM

Application of Pacific Gas and Electric
Company (U39E) for Approval of Demand
Response Programs, Pilots and Budgets for
Program Years 2018-2022.

Application 17-01-012
(Filed January 17, 2017)

And Related Matters.

Application 17-01-018
Application 17-01-019

**LEAPFROG POWER, INC.'S
PROPOSED IMPROVEMENTS TO THE DEMAND RESPONSE AUCTION
MECHANISM**

Dated: January 11, 2019

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Pursuant to the Administrative Law Judge's Ruling Issuing Evaluation Report of the Demand Response Auction Mechanism Pilot, Noticing January 16, 2019 Workshop, and Denying Motion to Require Audit Reports in the Evaluation Report, issued January 4, 2019 (ALJ Ruling), issued on January 4, 2019, Leapfrog Power, Inc. (Leap) respectfully submits the following Proposed Improvements to the Demand Response Auction Mechanism (DRAM).

**I.
BACKGROUND**

Leap provides Demand Response (DR) services to residential, commercial, industrial, and agricultural customers throughout California. Through its technology platform, Leap enables distributed energy resource providers in California to become grid participants, adding revenue for their customers and integrating additional demand-side resources into California's electricity system. Leap believes that DR resources integrated into California's wholesale electricity market will play a critical role in helping California achieve a resilient, zero carbon future.

II. PROPOSED IMPROVEMENTS TO THE DRAM

Leap provides the following proposed improvements to the DRAM:

- **DRAM Continuity**: As Leap and other DRAM DRPs continue building demand-side resources, we encourage the Commission and all parties to work expeditiously to ensure program continuity. It is critical that program changes are able to be implemented in time for a 2019 auction for 2020 delivery.
- **Market Share**: A competitive auction process should not include caps on an individual participant's share. Caps will unnecessarily drive up market prices.
- **Integration and Technology**: Leap has encountered numerous technology and integration challenges as a new DRAM entrant. A number of improvements are needed in the customer authorization process and utility data integration to increase customer enrollment from current DRPs and encourage new entrants.
- **Auction Cadence**: Leap supports annual auctions with multi-year contract terms.
- **Utilization**: Testing and utilization of DR resources are important to ensure reliability, but Leap is concerned that monthly testing or minimum annual dispatch requirements would place strain on customers and cause dispatch that is not in response to actual market needs.
- **Uniform Market Clearing Price**: A uniform clearing price for capacity and/or resource adequacy is a best practice in auctions in a variety of industries, including energy capacity markets. It would increase auction efficiency and lower transaction costs.
- **Performance Assurance**: with the introduction of terms of multiple years, it will be important to re-visit performance assurance and collateral requirements. Such

requirements should be limited to a rolling 12-month period, and different security instruments should be permitted such as a standard utility surety bond.

III. CONCLUSION

Leap respectfully submits the improvements above to facilitate the continued growth of DR resources to help California achieve a clean and resilient energy future.

Dated: January 11, 2019

/s/ ANDREW HOFFMAN

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